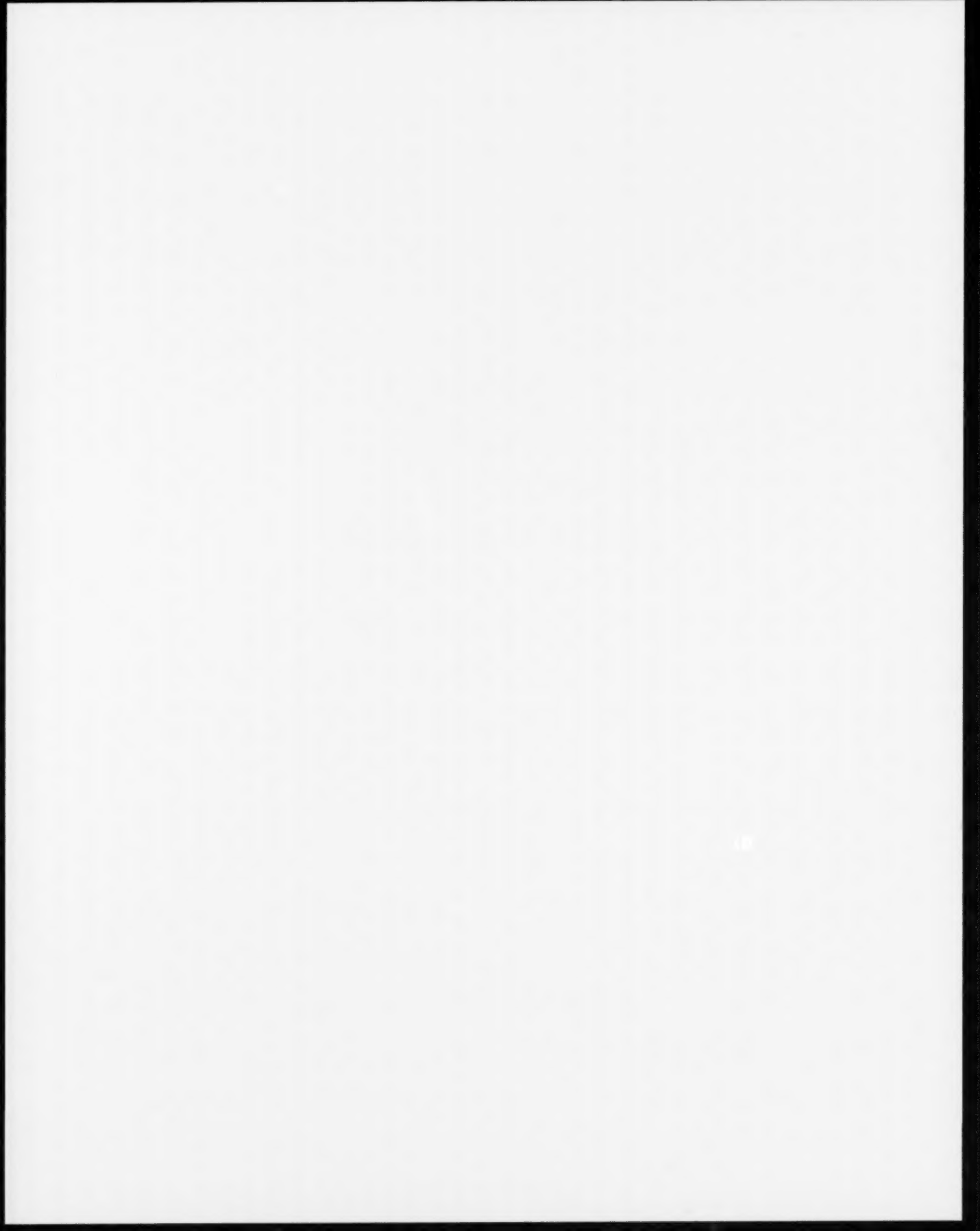

Annual Report

2012 – 2013

Finance

**Special Operating Agencies
Financing Authority**

Manitoba 





MINISTER OF
FINANCE

Legislative Building
Winnipeg, Manitoba, CANADA
R3C 0V8

His Honour the Honourable Philip S. Lee, C.M., O.M.
Lieutenant Governor of Manitoba
Room 235, Legislative Building
Winnipeg, Manitoba R3C 0V8

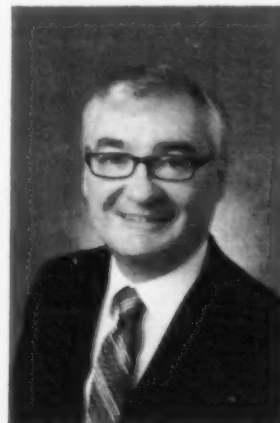
May it Please Your Honour:

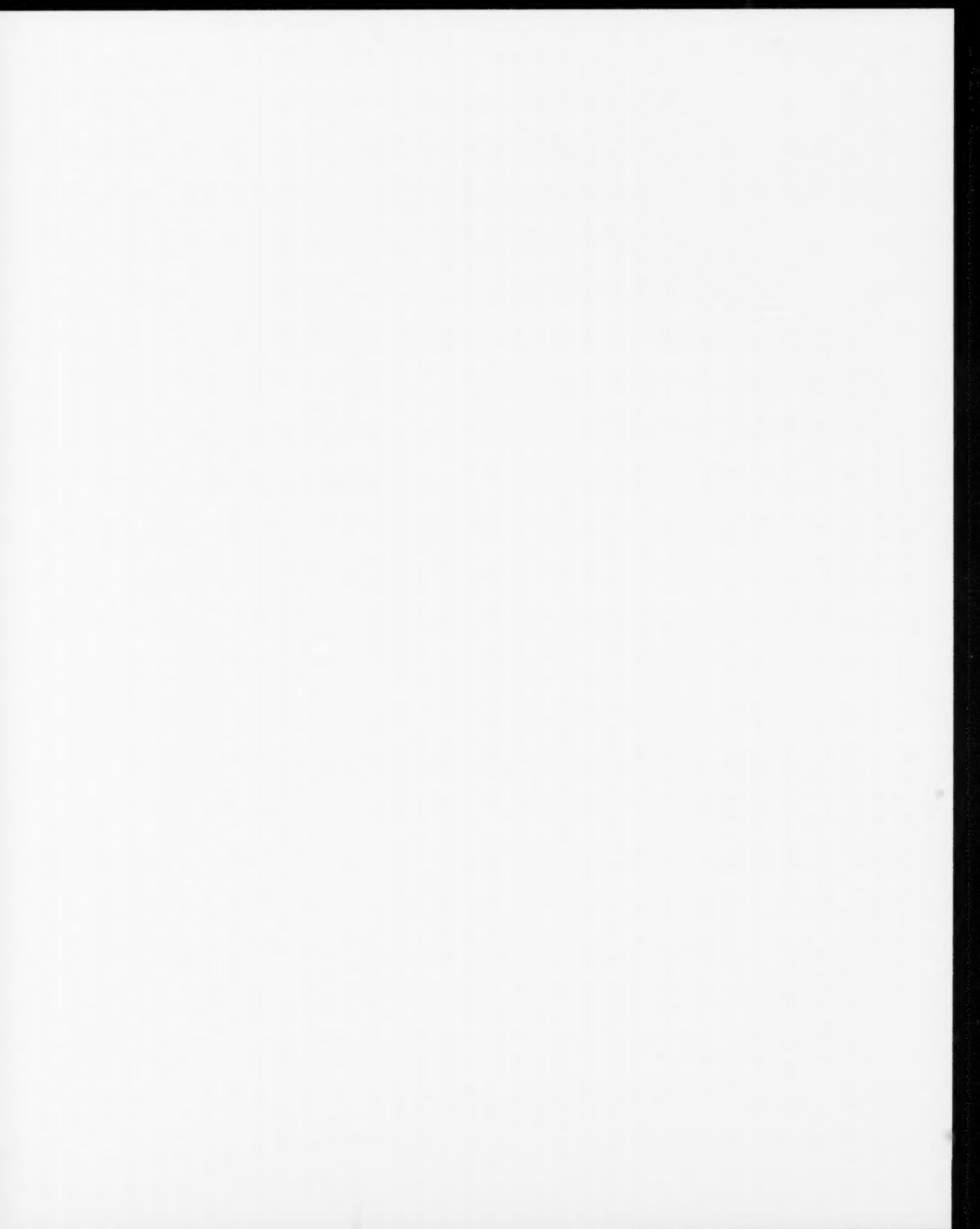
I have the privilege of presenting for the information of Your Honour the Annual Report for the Special Operating Agencies Financing Authority for the fiscal year ended March 31, 2013.

Respectfully submitted,

"original signed by"

Honourable Stan Struthers
Minister







MINISTER OF
FINANCE

Legislative Building
Winnipeg, Manitoba, CANADA
R3C 0V8

À son Honneur
L'honorable Philip S. Lee, C.M., O.M.
Lieutenant-gouverneur du Manitoba
Palais législatif, bureau 235
Winnipeg (Manitoba) R3C 0V8

Monsieur le Lieutenant-gouverneur,

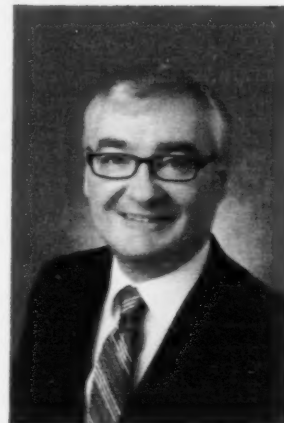
J'ai le privilège de présenter à Votre Honneur, à titre d'information, le rapport annuel de l'Office de financement des organismes de service spécial pour l'exercice terminé le 31 mars 2013.

Je vous prie d'agréer, Monsieur le Lieutenant-gouverneur, l'expression de mon profond respect.

Le ministre des Finances,

"Original signé par"

Stan Struthers







Treasury Board Secretariat

200 - 386 Broadway, Winnipeg, Manitoba R3C 3R6

T 204 945-4150 F 204 945-4878

www.manitoba.ca

Honourable Stan Struthers
Minister of Finance
Room 103, Legislative Building
Winnipeg, Manitoba
R3C 0V8

Dear Minister:

I have the honour to submit for your consideration the Annual Report for the Special Operating Agencies Financing Authority for the fiscal year ended March 31, 2013. The operations of the Financing Authority for the fiscal year ended March 31, 2013 were limited to the consolidated operations and financial results of the seventeen Special Operating Agencies (SOAs).

Some significant changes to the SOAs during the 2012/13 fiscal year are as follows:

- The Financial Institutions Branch within the Department of Finance was merged with the Manitoba Securities Commission and both agencies continue to operate as divisions of the SOA which was renamed the Manitoba Financial Services Agency. The change was made to enhance and harmonize services to the public and the regulated industries through the development of recognized synergies and co-operative use of resources.
- Manitoba entered into a term sheet to sell the assets of The Property Registry and issue a thirty year licence to use Agency data. The transaction is anticipated to close in the 2013/14 fiscal year. This arrangement will result in more efficient services to the public while providing a stable revenue stream to the Province.

Respectfully submitted,

Lynn Cowley, Chairperson
Special Operating Agencies Financing Authority



Secrétariat du Conseil du Trésor

386, Broadway, bureau 200, Winnipeg (Manitoba) R3C 3R6

Tél. : 204 945-4150 Téléc. : 204 945-4878

www.manitoba.ca

Monsieur Stan Struthers
Ministre des Finances
Palais législatif, bureau 103
Winnipeg (Manitoba) R3C 0V8

Monsieur le Ministre,

J'ai l'honneur de vous présenter le rapport annuel de l'Office de financement des organismes de service spécial pour l'exercice terminé le 31 mars 2013. Les activités de l'Office de financement pour l'exercice financier clos le 31 mars 2013 ont été limitées aux opérations consolidées et aux résultats financiers des dix-sept organismes de service spécial.

Les organismes de service spécial ont fait l'objet de plusieurs modifications importantes au cours de l'exercice 2012-2013, dont les suivantes :

- La Direction de la réglementation des institutions financières, qui relève du ministère des Finances, a été incorporée à la Commission des valeurs mobilières du Manitoba. Les deux organismes continuent de fonctionner comme des divisions de l'organisme de service spécial, renommé l'Office des services financiers du Manitoba. Le changement vise à améliorer et à harmoniser les services au public et aux industries réglementées grâce au développement de synergies reconnues et à une utilisation coopérative des ressources.
- Le Manitoba a signé une liste de conditions pour vendre les actifs de l'Office d'enregistrement des titres et des instruments et délivrer une licence de trente ans pour l'utilisation des données de l'organisme. La transaction devrait être terminée au cours de l'exercice 2013-2014. Cet arrangement permettra d'offrir de meilleurs services au public, tout en assurant un flux de rentrées stable pour la Province.

Le tout respectueusement soumis,

La présidente de l'Office de financement
des organismes de service spécial,

Lynn Cowley

TABLE OF CONTENTS

	Page
Introduction	1
The Special Operating Agencies	2
Governance Structure	2
Operations	4
Financial Highlights	4
Key Agency Accomplishments	5
Consolidated Financial Statements	
Management's Responsibility for Financial Reporting	10
Auditors' Report	11
Consolidated Statement of Financial Position	13
Consolidated Statement of Operations and Accumulated Surplus	14
Consolidated Statement of Change in Net Debt	15
Consolidated Statement of Cash Flow	16
Notes to Consolidated Financial Statements	17
Appendix	
Agency Results	37



Introduction

The Special Operating Agencies Financing Authority (SOAFA) was established April 1, 1992 under authority of *The Special Operating Agencies Financing Authority Act*. The Financing Authority provides a mechanism for funding Special Operating Agencies (SOA) outside the Core government. SOAFA holds and acquires assets associated with SOA operations and finances SOAs through contributed equity, repayable loans, and working capital advances. This financial framework enables SOAs to operate in a business-like way within government policy expectations. As of April 1, 2011, the Financing Authority adopted Public Sector Accounting (PSA) Standards.

SOAFA and its Chairperson operate under the direction of the Minister of Finance. Treasury Board acts as the primary decision-making body, while the Department of Finance and Treasury Board Secretariat supply staff support. The Chairperson is also the SOA Coordinator, reporting to the Assistant Deputy Minister, Fiscal Management and Capital Planning in Treasury Board Secretariat. The position is responsible for coordinating the planning, design, implementation, and evaluation of SOAs.

The incumbent devotes time to the governance role as Chairperson and sole member comprising the Financing Authority. In this capacity, the incumbent oversees and manages the Financing Authority's affairs in compliance with statutory, policy, and management requirements. Much of this work relates to final approvals for new and amendments to existing SOAs, as well as ongoing administrative guidance and advice for established SOAs.

The Department of Finance provides for the Chairperson's/ Coordinator's basic salary, benefits, and operating costs in support of this corporate initiative. SOAs are assessed an annual levy to fund identifiable expenses associated with Financing Authority operations. The levy is prorated against the Financing Authority's annual budget based on each SOA's projected gross revenue.

In the past year, the Chairperson/Coordinator:

- prepared and issued the 2011/12 Financing Authority annual report;
- contributed to the Treasury Board Secretariat portfolio review process; and
- contributed to the on-going updates for changes to financial reporting.

The Special Operating Agencies

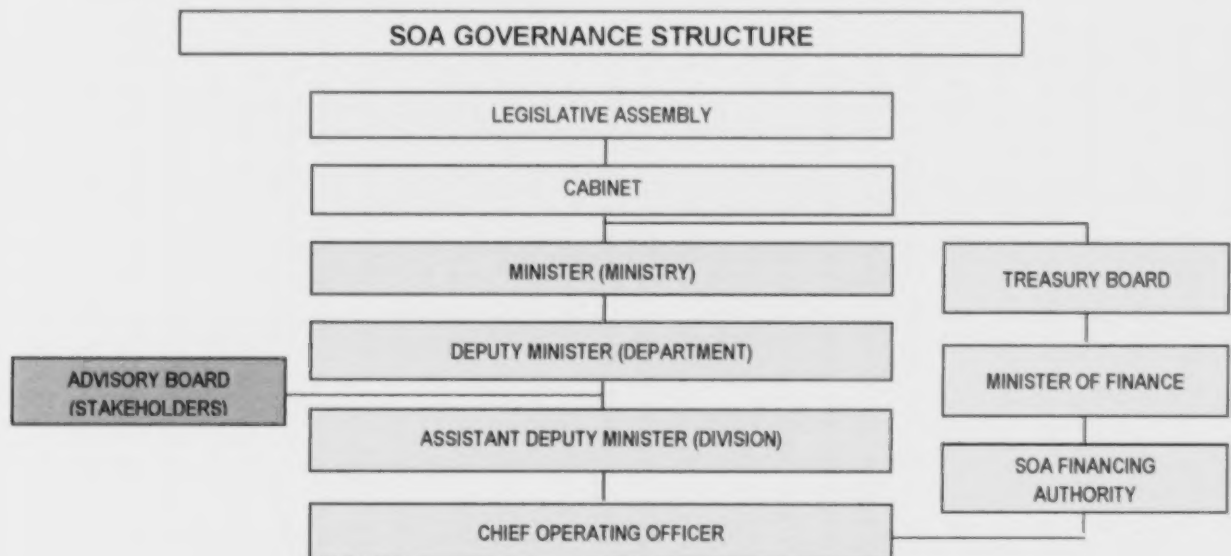
Special Operating Agencies (SOAs) are government service operations granted more direct responsibility for results and increased management flexibility needed to reach new levels of performance. Through strengthened accountability to their Minister and central government, they strive to improve the delivery of services by:

- ensuring operations are clearly defined and well understood;
- setting demanding performance goals and developing strategies for attaining them;
- applying the best public sector management practices; and
- monitoring performance to ensure continuous progress toward goals.

SOAs exist along an organizational continuum between a government department and a Crown corporation. Candidates can be direct public services, internal services to government, science and technology services, or regulatory and enforcement programs. In addition to accounting fully for their operations, they must be dedicated to improving service quality and efficiency. There were seventeen SOAs in operation for the fiscal year ended March 31, 2013.

Each SOA has an Operating Charter and management agreement that outlines its individual governance and administrative arrangements. SOAs are bound by relevant legislation and regulations and also by the Province's administrative policy except where specific exemptions have been provided in their Operating Charter in order to meet business objectives. Advisory Boards exist, where applicable, to provide operational and industry advice. Each SOA prepares an annual business plan and report, and is audited annually.

Governance Structure



During the 2012/13 fiscal year there were seventeen SOAs in operation, reporting to ten government departments, as follows:

Agriculture, Food and Rural Initiatives

- Food Development Centre

Civil Service Commission

- Organization Staff Development

Conservation and Water Stewardship

- Green Manitoba Eco Solutions
- Pineland Forest Nursery

Education

- Manitoba Text Book Bureau

Family Services and Labour

- Office of the Fire Commissioner

Finance

- Manitoba Financial Services Agency

Healthy Living, Seniors and Consumer Affairs

- Companies Office
- Vital Statistics Agency
- The Property Registry

Infrastructure and Transportation

- Crown Lands and Property Agency
- Materials Distribution Agency
- Vehicle and Equipment Management Agency

Innovation, Energy and Mines

- Industrial Technology Centre
- Manitoba Education, Research and Learning Information Networks

Justice

- Civil Legal Services
- The Public Trustee

Operations

The operations of the Financing Authority for the fiscal year ended March 31, 2013 were limited to the consolidated operations and financial results of the seventeen SOAs. A summary of the unconsolidated financial results of each agency along with their budget is provided as an appendix to the report for information only. The Agency's annual reports are available from the agency and on their websites listed in the appendix.

There were some significant changes to SOAs during the 2012/13 fiscal year. The Organization Staff Development (OSD) agency functions were transferred to the Civil Service Commission to focus on the renewal of Manitoba's Civil Service by leading the implementation of a government-wide Learning Policy, by orienting new employees to the core values and operations of the Manitoba Civil Service, and by supporting the skill development of the public service with programs such as Essentials of Supervision, the Art and Craft of Policy Making, and the certificate in Public Sector Management.

As well, the Financial Institutions Branch within the Department of Finance was merged with the Manitoba Securities Commission and both agencies continue to operate as divisions of the SOA which was renamed the Manitoba Financial Services Agency. The change was made to enhance and harmonize services to the public and the regulated industries through the development of recognized synergies and co-operative use of resources.

Finally, Manitoba entered into an agreement to sell the assets of The Property Registry to Teranet Manitoba, a subsidiary of Borealis Infrastructure, the investment division of the Ontario Municipal Employees Retirement System, and issue a thirty year licence to use Agency data. This arrangement will result in more efficient services to the public while providing a stable revenue stream to the Province. The transaction is anticipated to close in the 2013/14 fiscal year. Teranet Manitoba will become the service provider operating the land titles and personal property registries. The Office of the Registrar-General, in the Consumer Affairs Division within the Manitoba Government Department of Healthy Living, Seniors and Consumer Affairs, will provide oversight of the land and personal property registration services.

Financial Highlights

Agencies transferred \$26,180,000 (2012 - \$26,180,000) in designated surpluses to Core Government as follows:

- The Property Registry (\$11,000,000);
- Manitoba Securities Commission (\$8,800,000);
- Companies Office (\$2,500,000);
- Vehicle and Equipment Management Agency (\$2,500,000);
- Office of the Fire Commissioner (\$750,000);
- Vital Statistics Agency (\$380,000); and
- Civil Legal Services (\$250,000).

The aggregate authority of up to \$33,120,000 (2012 - \$31,620,000) in working capital advances at any one time, of which \$13,421,000 (2012 - \$14,315,000) was utilized at fiscal year-end.

There was a decrease of \$101,000 in net debt and an increase of \$7,859,000 in accumulated surplus at the end of the year.

Key Agency Accomplishments

Private sector economic development:

- The work of the Industrial Technology Centre has made a \$350 million economic development impact in private sector salaries, sales, research and development, cost-savings and investment since inception in 1996 and has saved/maintained 9,254 jobs.
- The Food Development Centre launched eleven new food products into the retail and food service markets in Manitoba. Products included novel ingredients such as hemp, millet, seabuckthorn leaves, wild rice and birch syrup. Retail sales for all products manufactured at the Food Development Centre approached \$1.2 million.
- Pineland Forest Nursery secured a significant contract with a group of Alberta nurseries to grow seedlings to enable them to satisfy their increased orders, and also developed new markets with consulting firms that are establishing vegetative reclamation projects for the mining and hydro sectors in Manitoba.

Improved service:

- The Food Development Centre added contract manufacturing to the list of services available on a fee-for-service basis to clients in Manitoba and out-of-province.
- Pineland Forest Nursery provided technical support and training for environmental consulting firms to assist in their planting programs. This is a new market for the nursery and new planting programs for these consulting firms that are establishing contracts for reclamation projects from the mining and hydro sector.
- Vehicle and Equipment Management Agency (VEMA), together with representatives from Manitoba Health, developed specifications for the production of primary care buses (hospital facilities on wheels) for use in rural communities within the province. The first bus is anticipated to be delivered in the fall of 2013.
- Vital Statistics Agency developed a framework for amendments to the Change of Name process to include a requirement for fingerprinting and improved security and reliability of records by requiring documentation of changes to records.

Greening:

- The Office of the Fire Commissioner supported the Manitoba Building Standards Board (BSB), in its review of The National Energy Code for Buildings 2011 for the purposes of adopting it in Manitoba.
- Pineland Forest Nursery is the host site for a Manitoba Hydro demonstration project that uses waste forestry material to produce Syngas for power generation. This system is being used in concert with the biomass heating system. Manitoba Hydro is exploring the use of this technology for remote communities that rely on diesel generation and have access to this type of fuel.

- Vehicle and Equipment Management Agency's fleet of vehicles included 111 hybrid-electric vehicles and two all-electric vehicles at March 31, 2013. The majority of VEMA's light duty fleet is comprised of work vehicles - trucks, vans and ambulances. Currently, hybrid vehicles are only available as passenger vehicles. In consulting with its customers on new or replacement units, VEMA will initially ensure that they are ordering the most fuel efficient and appropriate vehicles to meet the requirements of the job. Where environmentally friendly vehicles will serve that purpose at relatively competitive prices, the customers will be encouraged to continue to "go green".

**Special Operating Agencies
Financing Authority**

Consolidated Financial Statements

March 31, 2013

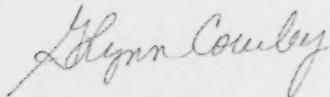
Management's Responsibility for Financial Reporting

The accompanying consolidated financial statements are the responsibility of the management of the Special Operating Agencies Financing Authority and have been prepared in accordance with Canadian Public Sector Accounting Standards. In management's opinion, the consolidated financial statements have been properly prepared within reasonable limits of materiality, incorporating management's best judgment regarding all necessary estimates and all other data available to July 26, 2013.

Management maintains internal controls to properly safeguard the assets and to provide reasonable assurance that the books and records from which the consolidated financial statements are derived accurately reflect all transactions in all material respects.

The responsibility of the Auditor General is to express an independent opinion on whether the consolidated financial statements of the Special Operating Agencies Financing Authority are fairly represented in accordance with Canadian Public Sector Accounting Standards. The Auditor's Report outlines the scope of the audit examination and provides the audit opinion.

On behalf of Management,
Special Operating Agencies Financing Authority

A handwritten signature in cursive script, reading "Lynn Cowley".

Lynn Cowley, Chairperson
July 26, 2013

INDEPENDENT AUDITOR'S REPORT

To the Legislative Assembly of Manitoba
To the Members of the Special Operating Agencies Financing Authority

We have audited the accompanying consolidated financial statements of the Special Operating Agencies Financing Authority, which comprise the consolidated statements of financial position as at March 31, 2013 and the consolidated statements of operations and accumulated surplus, change in net debt and cash flow for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Special Operating Agencies Financing Authority as at March 31, 2013, and the results of its operations, its change in net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Office of the Auditor General

Office of the Auditor General
Winnipeg, Manitoba
July 26, 2013

Special Operating Agencies Financing Authority
Province of Manitoba
Consolidated Statement of Financial Position
As at March 31, 2013
(In Thousands)

	<u>March 31, 2013</u>	<u>March 31, 2012</u>
Financial Assets		
Cash and cash equivalents (Note 6)	\$ 53,884	\$ 47,753
Accounts receivable (Note 7)	19,784	20,355
Portfolio investments	9,431	8,332
Inventories for resale	7,811	7,682
	<u>90,910</u>	<u>84,122</u>
Liabilities		
Working capital advances (Note 8)	13,421	14,315
Accounts payable and accruals	19,063	20,310
Unearned revenue	7,253	5,348
Employee future benefits (Note 9)	9,447	9,246
Capital lease obligations (Note 10)	74	109
Borrowings from the Province of Manitoba (Note 11)	104,668	97,911
	<u>153,926</u>	<u>147,239</u>
Net Debt	<u>(63,016)</u>	<u>(63,117)</u>
Non-financial Assets		
Inventories held for use	200	220
Prepaid expenses	4,049	3,969
Tangible capital assets (Note 12)	157,477	149,779
	<u>161,726</u>	<u>153,968</u>
Accumulated Surplus (Note 13)	<u>\$ 98,710</u>	<u>\$ 90,851</u>
Designated assets (Note 14)		
Commitments (Note 15)		
Contingencies (Note 16)		

The accompanying notes and schedule are an integral part of these financial statements.

Special Operating Agencies Financing Authority
Province of Manitoba
Consolidated Statement of Operations and Accumulated Surplus
For the Year Ended March 31, 2013
(In Thousands)

	2013		2012
	Budget	Actual	Actual
Revenue			
Grants:			
Province of Manitoba	\$ 4,386	\$ 4,294	\$ 6,095
Federal Government	545	1,077	1,957
Other	2,345	2,591	2,667
Total grants	7,276	7,962	10,719
Revenue from Province of Manitoba entities	133,348	128,116	129,272
Fees and other revenue	86,123	89,999	84,740
Investment income	232	447	354
Total revenue	226,979	226,524	225,085
Expense			
Personnel services	66,423	61,140	57,738
Grants/Transfer payments	2,451	2,076	3,463
Transportation	3,876	3,446	3,406
Communication	6,570	6,102	6,309
Supplies and services	75,901	73,414	77,800
Debt servicing	5,018	4,588	4,454
Minor capital	80	281	296
Amortization	26,700	26,093	24,171
Other operating	17,038	15,345	14,870
Total expense	204,057	192,485	192,507
Net income before the transfer of funds to the Province of Manitoba	22,922	34,039	32,578
Transfer of funds to the Province of Manitoba (Note 17)	26,180	26,180	26,180
Net income	(3,258)	7,859	6,398
Accumulated surplus, beginning of year	88,032	90,851	84,453
Accumulated surplus, end of year	\$ 84,774	\$ 98,710	\$ 90,851

The accompanying notes and schedule are an integral part of these financial statements.

Special Operating Agencies Financing Authority
Province of Manitoba
Consolidated Statement of Change in Net Debt
For the Year Ended March 31, 2013
(In Thousands)

	2013		2012
	Budget	Actual	Actual
Net income	\$ (3,258)	\$ 7,859	\$ 6,398
Tangible capital assets			
Acquisition of tangible capital assets	(37,549)	(36,133)	(35,553)
Amortization of tangible capital assets	25,718	26,093	24,172
Gain on disposal of tangible capital assets	(462)	(673)	(472)
Disposal of tangible capital assets	3,011	3,015	2,398
Net change	(9,282)	(7,698)	(9,455)
Other non-financial assets			
(Increase) decrease in inventory held for use	-	20	(16)
(Increase) in prepaid expense	(501)	(80)	(73)
Net change	(501)	(60)	(89)
(Increase) decrease in net debt	(13,041)	101	(3,146)
Net debt, beginning of year	(72,592)	(63,117)	(59,971)
Net debt, end of year	\$ (85,633)	\$ (63,016)	\$ (63,117)

The accompanying notes and schedule are an integral part of these financial statements.

Special Operating Agencies Financing Authority
Province of Manitoba
Consolidated Statement of Cash Flow
For the Year Ended March 31, 2013
(In Thousands)

	2013 <u>Actual</u>	2012 <u>Actual</u>
Cash provided by (applied to):		
Operating		
Net income	\$ 7,859	\$ 6,398
Amortization of tangible capital assets	26,093	24,172
Gain on disposal of tangible capital assets	(673)	(472)
	<u>33,279</u>	<u>30,098</u>
Change in:		
Accounts receivable	571	3,523
Inventories	(109)	(429)
Accounts payable and accruals	(1,247)	561
Unearned revenue	1,905	78
Employee future benefits	201	731
Prepaid expenses	(80)	(73)
Cash provided by operating activities	<u>34,520</u>	<u>34,489</u>
Capital		
Proceeds from disposal of tangible capital assets	3,015	2,398
Acquisition of tangible capital assets	(36,133)	(35,553)
Cash applied to capital activities	<u>(33,118)</u>	<u>(33,155)</u>
Investing		
Portfolio investments	(1,099)	157
Cash provided by (applied to) investing activities	<u>(1,099)</u>	<u>157</u>
Financing		
Working capital advances	(894)	1,405
Capital lease obligations	(35)	(45)
Borrowings from the Province of Manitoba	19,600	17,070
Debt repayments to the Province of Manitoba	(12,843)	(11,659)
Cash provided by financing activities	<u>5,828</u>	<u>6,771</u>
Increase in cash	6,131	8,262
Cash and cash equivalents at beginning of year	47,753	39,491
Cash and cash equivalents at end of year	<u>\$ 53,884</u>	<u>\$ 47,753</u>

The accompanying notes and schedule are an integral part of these financial statements.

Special Operating Agencies Financing Authority
Province of Manitoba
Notes to Consolidated Financial Statements
(In Thousands)

March 31, 2013

1. Nature of Organization

The Special Operating Agencies Financing Authority (the "Financing Authority") is a body corporate established effective April 1, 1992 under **The Special Operating Agencies Financing Authority Act**. Under the direction of the Minister of Finance, the Financing Authority consists of the Chairperson as its sole member and receives staff support from the Department of Finance.

The Financing Authority provides a mechanism for funding Special Operating Agencies (SOAs) that operate outside the Consolidated Fund. It functions as a non-operating holding company, with the mandate to hold and acquire assets required for and resulting from SOA operations. It finances SOAs through contributed equity, repayable loans, and working capital advances. This financial framework enables SOAs to operate in a business-like manner within government policy expectations.

SOAs are designated by regulation under the Act and operate under a charter approved by the Lieutenant Governor in Council. A management agreement between the Financing Authority and the Minister responsible for each SOA assigns responsibility to the agency to manage and account for SOA-related assets and operations on behalf of the Financing Authority. SOAs remain accountable to their Minister for the results they achieve with the authority and resources granted.

SOAs in operation during the fiscal year ended March 31, 2013 were as follows:

- 1) Civil Legal Services, Department of Justice
- 2) Companies Office, Department of Healthy Living, Seniors and Consumer Affairs
- 3) Crown Lands and Property Agency, Department of Infrastructure and Transportation
- 4) Food Development Centre, Department of Agriculture, Food and Rural Initiatives
- 5) Green Manitoba Eco Solutions, Department of Conservation and Water Stewardship
- 6) Industrial Technology Centre, Department of Innovation, Energy and Mines
- 7) Manitoba Education, Research and Learning Information Networks (MERLIN), Department of Innovation, Energy and Mines
- 8) Manitoba Financial Services Agency (formerly Manitoba Securities Commission), Department of Finance
- 9) Manitoba Text Book Bureau, Department of Education
- 10) Materials Distribution Agency, Department of Infrastructure and Transportation
- 11) Office of the Fire Commissioner, Department of Family Services and Labour
- 12) Organization and Staff Development, Civil Service Commission
- 13) Pineland Forest Nursery, Department of Conservation and Water Stewardship
- 14) The Property Registry, Department of Healthy Living, Seniors and Consumer Affairs
- 15) The Public Trustee, Department of Justice
- 16) Vehicle and Equipment Management Agency, Department of Infrastructure and Transportation
- 17) Vital Statistics Agency, Department of Healthy Living, Seniors and Consumer Affairs

Special Operating Agencies Financing Authority
Province of Manitoba
Notes to Consolidated Financial Statements
(In Thousands)

March 31, 2013

1. Nature of Organization (continued)

During the year, changes were made to the following SOAs:

- a) Treasury Board Secretariat issued a Program Portfolio Management Review (PPMR) Minute on September 22, 2012 which approved the transfer of the Financial Institutions Regulation Branch (FIRB) of the Department of Finance to the Manitoba Securities Commission, effective October 1, 2012. Since that date, this SOA has been operating as the Manitoba Financial Services Agency.

This change was subsequently reflected in Regulation 29/2013, which provides an updated listing of the special operating agencies, including the merger of Manitoba securities Commission and FIRB. As well, it was reflected in the background to the Order in Council 77/2013.

- b) The designation of Organization and Staff Development as a special operating agency under The Special Operating Agencies Financial Authority Act was revoked by a Manitoba Order in Council dated March 13, 2013 and its operating charter was cancelled effective March 31, 2013. As of March 31, 2013 the net assets were transferred out of the organization to Special Operating Agencies Financing Authority and the capital assets and inventory on hand were then transferred to the Province. On April 1, 2013 Special Operating Agencies Financing Authority then transferred the remaining net assets to the Province where Organization and Staff Development will continue to operate as a branch in the Civil Service Commission.

2. Basis of Accounting

The consolidated financial statements are prepared in accordance with Canadian Public Sector Accounting Standards as recommended by the Public Sector Accounting Board.

3. Basis of consolidation

The consolidated financial statements reflect the assets, liabilities, revenues, and expenses of the reporting entity, which is composed of all SOAs as listed in Note 1 to the consolidated financial statements. These SOAs are controlled by the Financing Authority. Control, as defined by the Public Sector Accounting Board, is the power to govern the financial and operating policies of the SOAs with expected benefits or the risk of loss to the Financing Authority from their activities.

All inter-entity accounts and transactions between these SOAs are eliminated upon consolidation.

Special Operating Agencies Financing Authority
Province of Manitoba
Notes to Consolidated Financial Statements
(In Thousands)

March 31, 2013

4. Significant Accounting Policies

a. Revenue

(i) Government transfers

Government transfers are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All government transfers are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

Government transfer with eligibility criteria but without stipulations is recognized as revenue when the transfer is authorized and all eligibility criteria have been met.

Government transfer with or without eligibility criteria but with stipulations is recognized as revenue in the period the transfer is authorized and all eligibility criteria have been met, except when and to the extent that the stipulations give rise to a liability.

(ii) Exchange transactions

Product revenue is recognized when the goods are shipped or delivered and title and risk of loss pass to the customer. Service revenue is recognized when the rendering of services is completed or substantially completed.

(iii) Other revenue

All other revenues are recorded on an accrual basis.

b. Expenses

(i) Accrual accounting

All expenses incurred for goods and services are recorded on an accrual basis.

(ii) Government transfers

Government transfers are recognized as expenses in the period in which the transfers are authorized and all eligibility criteria have been met by the recipient.

c. Financial Assets

(i) Portfolio investments

Portfolio Investments are short-term deposits with original maturities of more than three months. These investments are recognized at cost or amortized cost.

(ii) Inventories for resale

Inventories for resale are recorded at the lower of cost or net realizable value.

d. Liabilities

Liabilities are present obligations as a result of transactions and events occurring prior to the end of the fiscal year. The settlement of the liabilities will result in the future transfer or use of assets or other form of settlement. Liabilities are recorded at the estimated amount ultimately payable.

Special Operating Agencies Financing Authority
Province of Manitoba
Notes to Consolidated Financial Statements
(In Thousands)

March 31, 2013

4. Significant Accounting Policies (continued)

e. Non-financial Assets

Non-financial assets do not normally provide resources to discharge liabilities of the Financing Authority. These assets are normally employed to provide future services.

(i) Inventories

Inventories held for use are classified as non-financial assets. Inventories held for resale are classified as non-financial assets if it is anticipated that the sale will not be completed within one year.

(ii) Prepaid expenses

Prepaid expenses are payments for goods or services which will provide economic benefit in future periods. The prepaid amount is recognized as an expense in the year the goods or services are consumed.

(iii) Tangible capital assets

Tangible Capital Assets are recognized at cost. Cost includes the purchase price as well as other acquisition costs. The costs of tangible capital assets, less any residual value, are amortized over their estimated useful lives as follows:

Vehicles	-	straight line over term of lease
Vehicles, fire engines	-	30%, declining balance
Equipment and furniture	-	6 2/3% - 20%, straight line 20% - 30%, declining balance
Rental equipment	-	2 - 5 years, straight line
Computer equipment and software	-	4 - 15 years, straight line 20% - 30%, declining balance
Buildings	-	15 years, straight line 5% - 10%, declining balance
Practical training site	-	10%, declining balance
Leasehold improvements	-	5 - 10 years, straight line

f. Measurement Uncertainty

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingencies at the date of the financial statements, and the reported amount of revenues and expenses during the reporting period. Actual results could differ from these estimates.

g. Administrative Expenses Paid by the Province of Manitoba

The Treasury Board Secretariat pays for salaries and certain operating expenses on behalf of the Financing Authority. These contributions totaling \$112 (2012 - \$116) are recorded as expenses and revenue of the Financing Authority.

Special Operating Agencies Financing Authority
Province of Manitoba
Notes to Consolidated Financial Statements
(In Thousands)

March 31, 2013

5. Financial Instruments and Financial Risk Management

Measurement

Financial instruments are classified into one of the two measurement categories: (a) fair value; or (b) cost or amortized cost.

The Financing Authority records its financial assets at cost or amortized cost, which include cash and cash equivalents, accounts receivable and portfolio investments. The Financing Authority also records its financial liabilities at cost or amortized cost, which include working capital advances, accounts payable and borrowings.

Gains and losses on financial instruments measured at fair value are recorded in accumulated surplus as remeasurement gains and losses until realized. Upon disposition of the financial instruments, the cumulative remeasurement gains and losses are reclassified to the consolidated statement of operations. Gains and losses on financial instruments measured at cost or amortized cost are recognized in the consolidated statement of operations in the period the gain or loss occurs.

The Financing Authority does not incur any remeasurement gains and losses during the year (2012 - \$nil).

Financial risk management - overview

The Financing Authority has exposure to the following risks from its use of financial instruments: credit risk; liquidity risk and market risk; interest risk; and foreign currency risk.

Credit risk

Credit risk is the risk that one party to a financial instrument fails to discharge an obligation and causes financial loss to another party. Financial instruments which potentially subject the Financing Authority to credit risk consist principally of cash and cash equivalents, accounts receivable, and portfolio investments.

The maximum exposure of the Financing Authority to credit risk at March 31 is:

	2013	2012
Cash and cash equivalents	\$53,884	\$47,753
Accounts receivable	19,784	20,355
Portfolio investments	9,431	8,332
	<u>\$83,099</u>	<u>\$76,440</u>

Cash and cash equivalents, and portfolio investments: The Financing Authority is not exposed to significant credit risk as these amounts are held by the Minister of Finance or a Chartered Bank.

Accounts receivable: The Financing Authority is not exposed to significant credit risk as the majority of its accounts receivable are with related entities. The balance is due from a large client base, and payment in full is typically collected when it is due. The Financing Authority manages this credit risk through close monitoring of credit applications and overdue accounts.

Special Operating Agencies Financing Authority
Province of Manitoba
Notes to Consolidated Financial Statements
(In Thousands)

March 31, 2013

5. Financial Instruments and Financial Risk Management (continued)

The Financing Authority establishes an allowance for doubtful accounts that represents its estimate of potential credit losses. The allowance for doubtful accounts is based on management's estimates and assumptions regarding current market conditions, customer analysis and historical payment trends. These factors are considered when determining whether past due accounts are allowed for or written off.

The change in the allowance for doubtful accounts during the year was as follows:

	2013	2012
Balance, beginning of the year	\$ 713	\$ 533
Provision for receivable impairment	18	269
Amounts written off	(40)	(89)
Balance, end of the year	<u>\$ 691</u>	<u>\$ 713</u>

Liquidity risk

Liquidity risk is the risk that the Financing Authority will not be able to meet its financial obligations as they come due.

The Financing Authority manages liquidity risk by maintaining adequate cash balances and by review from the Province of Manitoba to ensure adequate funding will be received to meet the obligations.

Market risk

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates, will affect the Financing Authority's income or the fair values of its financial instruments.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The interest rate exposure relates to funds on deposit, portfolio investments and borrowings.

The interest rate risk on funds on deposit is considered to be low because of their short-term nature. The interest rate risk on portfolio investments is considered low as the original deposits are reinvested at rates for investments with similar terms and conditions.

The Financing Authority manages its interest rate risk on long-term debt through the exclusive use of fixed rate terms for its long-term debt. A one percent (100 basis points) movement in interest rates on the working capital advances for an entire year would increase/decrease debt servicing costs by \$139 (2012 - \$136).

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Financing Authority is not exposed to significant foreign currency risk as it does not have any financial instruments denominated in foreign currency.

Special Operating Agencies Financing Authority
Province of Manitoba
Notes to Consolidated Financial Statements
(In Thousands)

March 31, 2013

6. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, balances with banks and short-term deposits with original maturities of three months or less.

	2013	2012
Restricted	\$ 2,186	\$ 1,851
Unrestricted	51,698	45,902
Total cash and cash equivalents	<u>\$ 53,884</u>	<u>\$ 47,753</u>

The restricted balance represents primarily the amount of customer deposits held in a separate bank account. These deposits are unearned revenue until services are provided.

7. Accounts Receivable

	2013	2012
Trade	\$17,815	\$17,661
Insurance agency rebate	613	627
Other	1,356	2,067
	<u>\$19,784</u>	<u>\$20,355</u>

8. Working Capital Advances

The Minister of Finance, with Lieutenant-Governor-in-Council approval by Orders in Council, has arranged for working capital advances to be available to the Financing Authority. The aggregate of the outstanding advances is not to exceed \$33,120 (2012 - \$31,620) at any one time. As at March 31, 2013, \$13,421 (2012 - \$14,315) was advanced, leaving an unused balance of \$19,699 (2012 - \$17,305). These advances bear interest at prime less 1% and are not secured by specific assets.

9. Employee Future Benefits

	2013	2012
Pension benefits	\$ -	\$ -
Severance benefits	8,343	8,161
Sick pay benefits	1,104	1,085
	<u>\$ 9,447</u>	<u>\$ 9,246</u>

Special Operating Agencies Financing Authority
Province of Manitoba
Notes to Consolidated Financial Statements
(In Thousands)

March 31, 2013

9. Employee Future Benefits (continued)

Pension benefits

Employees of SOAs are eligible for pension benefits in accordance with the provisions of the Civil Service Superannuation Act (CSSA), administered by the Civil Service Superannuation Board (CSSB). The CSSA established a defined benefit plan to provide benefits to employees of the Manitoba Civil Service and to participating agencies of the Government, including the SOAs, through the Civil Service Superannuation Fund.

Pursuant to an agreement with the Province of Manitoba, the SOAs are required to pay to the Province an annual amount equal to the current pension contributions of their employees. The amount paid for 2013 is \$3,391 (2012 - \$2,907). Under this agreement, the pension liability is the responsibility of the Province, and these SOAs have no further pension liability.

Severance benefits

Effective April 1, 1998 or the date of their creation, whichever is later; SOAs began recording accumulated severance pay benefits for their employees. The amount of their severance pay obligations is based on actuarial calculations. The periodic actuarial valuations of these liabilities may determine that adjustments are needed to the actuarial calculations when actual experience is different from that expected and/or because of changes in actuarial assumptions used. The resulting actuarial gains or losses are amortized over the expected average remaining service life of the related employee group.

An actuarial report was completed for the severance pay liability as of March 31, 2011. The report provides a formula to update the liability on an annual basis. The special operating agencies' actuarially determined net liability for accounting purposes as at March 31, 2013 is \$8,343 (2012 - \$8,161). The actuarial loss of \$462 based on actuarial reports is being amortized over the 15 year expected average remaining service life (EARS�) of the employee group.

Significant long-term actuarial assumptions used in the March 31, 2011 valuation, and in the determination of the March 31, 2013 present value of the accrued severance benefit obligation were:

Annual rate of return	
inflation component	2.00%
real rate of return	4.00%
	<u>6.00%</u>
Assumed salary increase rates	
annual productivity increase	1.00%
annual general salary increase	2.75%
	<u>3.75%</u>

Special Operating Agencies Financing Authority
Province of Manitoba
Notes to Consolidated Financial Statements
(In Thousands)

March 31, 2013

9. Employee Future Benefits (continued)

The severance benefit liability at March 31 includes the following components:

	2013	2012
Accrued benefit liability	\$8,616	\$8,464
Less: unamortized actuarial losses	(273)	(303)
Severance benefit liability	<u>\$8,343</u>	<u>\$8,161</u>

The total expenses related to severance benefits at March 31 includes the following components:

	2013	2012
Interest on obligation	\$550	\$507
Current period benefit cost	270	254
Amortization of actuarial gain over EARS	31	31
Total expense related to severance benefit	<u>\$851</u>	<u>\$792</u>

Sick pay benefits

The Financing Authority provides sick leave benefits for employees that accumulate but do not vest. The accrued benefit obligation related to sick leave entitlement earned by employees is determined using a valuation model developed by an actuary. The valuation is based on employee demographics, sick leave usage and actuarial assumptions. These assumptions include a 6.00% annual return and a 3.75% annual salary increase.

10. Capital Lease Obligations

	2013	2012
Polaris Leasing Ltd., capital lease due November 1, 2013, interest at 7.318% per year with annual principal and interest payments of \$43 for the first 4 years and a final payment of \$79 in 2014	<u>\$ 74</u>	<u>\$ 109</u>

Capital lease obligations are secured by equipment under lease. The future minimum lease payments for the next year are as follows:

2014	\$ 74
------	-------

Special Operating Agencies Financing Authority
Province of Manitoba
Notes to Consolidated Financial Statements
(In Thousands)

March 31, 2013

11. Borrowings from the Province of Manitoba

Instalment Amount	Interest Rate	Maturity Date	2013	2012
Repayable in monthly instalments of principal plus interest:				
6	5.125%	Jul 31, 2023	\$ 784	\$ 859
3	4.875%	Jul 31, 2023	338	371
2	4.875%	Jul 31, 2023	221	243
1	3.875%	Jan 31, 2021	119	134
Repayable in quarterly instalments of principal plus interest:				
33	4.000%	Mar 1, 2021	1,064	1,197
49	3.000%	Mar 30, 2022	1,773	1,970
Repayable in semi-annual instalments of principal and interest:				
137	4.750%	Sep 30, 2012	-	133
142	5.000%	Sep 30, 2012	-	138
345	4.000%	Mar 31, 2013	-	670
140	4.050%	Sep 30, 2013	137	404
355	3.875%	Sep 30, 2013	348	1,025
376	2.625%	Sep 30, 2014	1,098	1,807
148	4.875%	Mar 31, 2015	556	814
215	2.625%	Mar 31, 2015	831	1,231
117	4.125%	Sep 30, 2015	550	755
482	2.500%	Sep 30, 2015	2,320	3,208
271	2.563%	Sep 30, 2016	1,805	2,292
581	2.050%	Sep 30, 2016	3,909	4,975
186	3.450%	Mar 31, 2017	1,378	1,695
213	2.375%	Mar 31, 2017	1,619	2,000
269	2.250%	Sep 30, 2017	2,287	2,765
530	2.125%	Sep 30, 2017	4,524	-
212	2.125%	Mar 31, 2018	2,000	-
232	2.200%	Sep 30, 2018	2,396	-
237	4.875%	Sep 30, 2023	3,858	4,133
102	3.400%	Sep 30, 2023	1,792	1,932
334	5.000%	Mar 31, 2024	5,607	5,982
192	4.875%	Mar 31, 2024	3,239	3,457
2,018	4.875%	Mar 31, 2024	34,046	36,338
162	4.500%	Sep 30, 2024	2,879	3,066
201	4.000%	Sep 30, 2025	3,923	4,161
162	4.550%	Mar 31, 2026	3,158	3,333
213	3.300%	Sep 30, 2027	4,870	-
127	3.250%	Sep 30, 2027	2,922	-
86	3.375%	Mar 31, 2028	2,000	-
80	5.000%	Mar 31, 2030	1,811	1,877

Special Operating Agencies Financing Authority
Province of Manitoba
Notes to Consolidated Financial Statements
(In Thousands)

March 31, 2013

11. Borrowings from the Province of Manitoba (continued)

<u>Instalment Amount</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>2013</u>	<u>2012</u>
Repayable in annual instalments of principal plus interest:				
18	5.800%	Apr 30, 2017	89	106
175	5.625%	May 30, 2019	1,225	1,400
60	4.200%	Mar 31, 2026	780	840
113	3.400%	Mar 31, 2027	1,587	1,700
Repayment terms to be determined:				
-	Prime less 0.75%	-	825	900
			<u>\$104,668</u>	<u>\$ 97,911</u>

Interest cost is measured using the effective interest method. Principal repayments in each of the next five years are as follows:

2014	\$13,108
2015	12,645
2016	11,338
2017	10,244
2018	8,123

Loan authority availability was approved for the following agencies (listed in the following table):

Under the Loan Act, 2012	
Vehicle and Equipment Management Agency	\$29,600
The Property Registry	6,000
Industrial Technology Centre	910
Pineland Forest Nursery	441
Vital Statistics Agency	70
Total loan authority	<u>\$37,021</u>

Of the \$37,021 in available loan authority, \$19,600 was drawn down at various times during the year, leaving \$17,421 of the loan authority availability unutilized.

Special Operating Agencies Financing Authority
Province of Manitoba
Notes to Consolidated Financial Statements
(In Thousands)

March 31, 2013

12. Tangible Capital Assets

	2013			
	Opening Balance	Additions	Disposals	Closing Balance
Cost				
Vehicles (signed lease agreement)	219,403	31,017	17,811	232,609
Vehicles, fire engines	2,667	495	26	3,136
Equipment and furniture	21,173	1,144	184	22,133
Rental equipment	9,605	976	-	10,581
Computer equipment and software	15,065	1,970	152	16,883
Buildings	20,420	7,634	-	28,054
Practical training site	9,755	(7,125)	-	2,630
Leasehold improvements	2,769	22	-	2,791
Total cost	300,857	36,133	18,173	318,817
	Opening Balance	Amortization	Disposals	Closing Balance
Accumulated Amortization				
Vehicles (signed lease agreement)	104,791	21,150	15,560	110,381
Vehicles, fire engines	2,161	300	25	2,436
Equipment and furniture	13,843	1,173	97	14,919
Rental equipment	8,393	831	-	9,224
Computer equipment and software	8,640	1,140	149	9,631
Buildings	9,415	1,265	-	10,680
Practical training site	1,509	112	-	1,621
Leasehold improvements	2,326	122	-	2,448
Total Accumulated amortization	151,078	26,093	15,831	161,340
Net	149,779	10,040	2,342	157,477

Special Operating Agencies Financing Authority
Province of Manitoba
Notes to Consolidated Financial Statements
(In Thousands)

March 31, 2013

12. Tangible Capital Assets (continued)

	2012			
	Opening Balance	Additions	Disposals	Closing Balance
Cost				
Vehicles (signed lease agreement)	208,801	26,182	15,580	219,403
Vehicles, fire engines	2,555	148	36	2,667
Equipment and furniture	20,227	958	12	21,173
Rental equipment	8,930	675	-	9,605
Computer equipment and software	11,789	3,293	17	15,065
Buildings	20,319	101	-	20,420
Practical training site	5,655	4,100	-	9,755
Leasehold improvements	2,673	96	-	2,769
Total cost	280,949	35,553	15,645	300,857
	Opening Balance	Amortization	Disposals	Closing Balance
Accumulated Amortization				
Vehicles (signed lease agreement)	98,902	19,558	13,669	104,791
Vehicles, fire engines	1,982	211	32	2,161
Equipment and furniture	12,598	1,248	3	13,843
Rental equipment	7,508	885	-	8,393
Computer equipment and software	7,696	959	15	8,640
Buildings	8,330	1,085	-	9,415
Practical training site	1,411	98	-	1,509
Leasehold improvements	2,198	128	-	2,326
Total Accumulated amortization	140,625	24,172	13,719	151,078
Net	140,324	11,381	1,926	149,779

Special Operating Agencies Financing Authority
Province of Manitoba
Notes to Consolidated Financial Statements
(In Thousands)

March 31, 2013

13. Accumulated Surplus

Reserve funds

The Financing Authority has allocated \$750 of its accumulated surplus (2012 - \$846) for reserve funds that are internally designated for the following purposes:

a) Food Development Centre

Based on approvals from Treasury Board, the Centre has allocated \$nil (2012 - \$96) of its accumulated surplus for reserve funds that are internally designated for the commercial and training expansion program.

b) Manitoba Financial Services Agency

The Manitoba Financial Services Agency has designated \$750 of its portfolio investments (2012 - \$750) as a reserve fund to provide for extraordinary regulatory expenses and changes in market activity affecting revenue.

14. Designated Assets

Designated assets are distinct from restricted assets. Unlike restricted assets, the Financing Authority can readily change its by-law or resolution and use the designated assets for another purpose if the need arises. The Financing Authority has allocated \$7,575 (2012 - \$7,620) of its portfolio investments as designated assets for the following purposes:

- a) The Manitoba Financial Services Agency maintains separate deposits of \$750 (2012 - \$750) to fund expenses which may arise with respect to its reserve fund (Note 13b).
 - b) The Financing Authority has received \$6,825 (\$2012 - \$6,870) of cash from the Province of Manitoba primarily for the vacation entitlements earned by the employees of the SOAs prior to their designation as SOAs and the severance pay benefits accumulated to March 31, 1998 for certain of their employees. This amount is held in an interest bearing account until the cash is required to discharge the related liabilities. Any unused balance is re-invested annually.
-

Special Operating Agencies Financing Authority
Province of Manitoba
Notes to Consolidated Financial Statements
(In Thousands)

March 31, 2013

15. Commitments

Commitments for SOAs with building lease agreements at March 31, 2013 amount to \$13,862 (2012 - \$9,189).

Other commitments entered into by SOAs are as follows:

Crown Lands And Property Agency	Vehicle and equipment leases	\$ 76
Office of the Fire Commissioner	Vehicle leases	451
The Property Registry	Equipment lease agreements	120
		<u>\$ 647</u>

Estimated minimum lease payments for each of the next five years are as follows:

2014	\$2,231
2015	2,256
2016	2,240
2017	2,228
2018	2,207

16. Contingencies

A potential claim has been filed against Organization and Staff Development for breach of an agreement. In the opinion of management and legal counsel, the amount of the potential loss cannot be estimated, and the outcome of the claim is not determinable. Should any loss result from the resolution of this claim, such loss will be charged to operations in the year of resolution.

The Property Registry has been named in five lawsuits for which the likelihood of damages being awarded and the amount to be awarded is not reasonably estimable. Should any loss result from the resolution of these claims, such loss will be charged to the Assurance Fund of Manitoba in the year of resolution.

Special Operating Agencies Financing Authority
Province of Manitoba
Notes to Consolidated Financial Statements
(In Thousands)

March 31, 2013

17. Transfer of Funds to the Province of Manitoba

The Minister of Finance, with Lieutenant-Governor-in-Council approval by Order in Council, allocated \$26,180 (2012 - \$26,180) of the Financing Authority's surplus funds for transfer to the Consolidated Fund of the Province of Manitoba. Payments for this transfer were made by the following SOAs:

	2013	2012
Civil Legal Services	\$ 250	\$ 250
Companies Office	2,500	2,500
Manitoba Financial Services Agency	8,800	8,800
Office of the Fire Commissioner	750	750
The Property Registry	11,000	11,000
Vehicle and Equipment Management Agency	2,500	2,500
Vital Statistics Agency	380	380
	<u>\$26,180</u>	<u>\$26,180</u>

18. Estates and Trusts under Administration

The Public Trustee has statutory responsibility for administering clients' estates and trusts. The client assets under administration at March 31, 2013 total approximately \$223,000 (2012 - \$226,000). The trust activities of The Public Trustee are reported in separate audited financial statements for Estates and Trusts under Administration.

19. Related party transactions

The Financing Authority is related in terms of common ownership to all Province of Manitoba created departments, agencies and Crown corporations. The Financing Authority enters into transactions with these entities in the normal course of business. These transactions are recorded at the exchange amount.

20. Budgeted figures

Budgeted figures have been provided for comparison purposes and have been derived from the estimates approved by the management of the various Special Operating Agencies consolidated in these financial statements.

Special Operating Agencies Financing Authority
Province of Manitoba
Notes to Consolidated Financial Statements
(In Thousands)

March 31, 2013

21. Subsequent events

- a) On December 12, 2012, Teranet Holdings Limited Partnership and the Province of Manitoba entered into a term sheet setting out the fundamental terms and conditions of a transaction pursuant to which the Province of Manitoba will grant to a limited partnership, Teranet Manitoba LP, a 30-year exclusive concession to own and operate the business and operations of The Property Registry of Manitoba (the "TPR"), which includes the transfer of certain assets and a workforce of approximately 137 employees. Under the terms of the proposed agreement, Teranet Manitoba will provide services to the Province of Manitoba to facilitate the delivery by the Province of Manitoba of its statutory functions relating to the Land Titles Office and the Personal Property Registry.

The completion of the transaction will be subject to the satisfaction of certain conditions and the finalization of mutually agreed upon definitive agreements. The transaction is expected to close in the first half of the 2014 fiscal year.

Commencing on the closing date and for the duration of the term of the definitive agreements, Teranet Manitoba will be:

- entitled to receive and retain all statutory fees and certain other fees collected in connection with the operation of the TPR Business, including registration and search fees; and
 - required to pay to the Province of Manitoba an annual royalty at rates that will vary based upon transaction volumes.
- b) Effective April 1, 2013, Companies Office amalgamated with the following branches and functions of the Department of Entrepreneurship Training and Trade and continued as a special operating agency under the name Entrepreneurship Manitoba:
- Small Business Development Branch;
 - Competitiveness Initiatives Branch;
 - Business Settlement Office of the Business Immigration and Investment Branch; and
 - Canada/Manitoba Business Service Centre.

22. Comparative figures

Comparative figures for the year ended March 31, 2013 have been restated, where appropriate, to conform to the presentation adopted for March 31, 2012.

Special Operating Agencies Financing Authority
Province of Manitoba
Schedule of Summarized Results by Special Operating Agency
For the Year Ended March 31, 2013
(In Thousands)

	2013				
	Revenue	Expense	Net income (loss) before the transfer	Transfer of funds to the Province of Manitoba	Net income (loss)
Civil Legal Services	\$ 8,057	\$ 7,638	\$ 419	\$ 250	\$ 169
Companies Office	8,168	4,461	3,707	2,500	1,207
Crown Lands and Property Agency	4,648	4,611	37	-	37
Food Development Centre	3,887	4,574	(687)	-	(687)
Green Manitoba Eco Solutions	2,859	2,677	182	-	182
Industrial Technology Centre	2,936	2,851	85	-	85
Manitoba Education, Research and Learning Information Networks	4,532	4,504	28	-	28
Manitoba Financial Services Agency (formerly Manitoba Securities Commission)	16,191	4,496	11,695	8,800	2,895
Manitoba Text Book Bureau	8,032	8,046	(14)	-	(14)
Materials Distribution Agency	25,035	24,849	186	-	186
Office of the Fire Commissioner	16,696	13,643	3,053	750	2,303
Organization and Staff Development	1,524	1,945	(421)	-	(421)
Pineland Forest Nursery	2,511	3,110	(599)	-	(599)
The Property Registry	27,174	13,956	13,218	11,000	2,218
The Public Trustee	6,941	6,330	611	-	611
Vehicle and Equipment Management Agency	86,465	84,049	2,416	2,500	(84)
Vital Statistics Agency	3,505	3,572	(67)	380	(447)
Special Operating Agencies Financing Authority	401	211	190	-	190
Total before consolidation adjustments	229,562	195,523	34,039	26,180	7,859
Consolidation adjustments:					
- Elimination of transactions between SOAs	(3,038)	(3,038)	-	-	-
Net income	\$ 226,524	\$ 192,485	\$ 34,039	\$ 26,180	\$ 7,859

Special Operating Agencies Financing Authority
Province of Manitoba
Schedule of Summarized Results by Special Operating Agency
For the Year Ended March 31, 2012
(In Thousands)

	2012				
	Revenue	Expense	Net income (loss) before the transfer	Transfer of funds to the Province of Manitoba	Net income (loss)
Civil Legal Services	\$ 7,054	\$ 6,676	\$ 378	\$ 250	\$ 128
Companies Office	7,914	4,407	3,507	2,500	1,007
Crown Lands and Property Agency	4,608	4,961	(353)	-	(353)
Food Development Centre	5,116	4,222	894	-	894
Green Manitoba Eco Solutions	4,484	4,051	433	-	433
Industrial Technology Centre	3,001	2,975	26	-	26
Manitoba Education, Research and Learning Information Networks	4,809	4,794	15	-	15
Manitoba Financial Services Agency (formerly Manitoba Securities Commission)	15,059	4,060	10,999	8,800	2,199
Manitoba Text Book Bureau	7,678	7,678	-	-	-
Materials Distribution Agency	26,093	26,324	(231)	-	(231)
Office of the Fire Commissioner	15,247	12,902	2,345	750	1,595
Organization and Staff Development	1,627	1,648	(21)	-	(21)
Pineland Forest Nursery	2,496	3,015	(519)	-	(519)
The Property Registry	24,268	13,702	10,566	11,000	(434)
The Public Trustee	6,682	5,877	805	-	805
Vehicle and Equipment Management Agency	87,789	84,052	3,737	2,500	1,237
Vital Statistics Agency	3,540	3,548	(8)	380	(388)
Special Operating Agencies Financing Authority	130	125	5	-	5
Total before consolidation adjustments	227,595	195,017	32,578	26,180	6,398
Consolidation adjustments:					
- Elimination of transactions between SOAs	(2,510)	(2,510)	-	-	-
Net income	\$ 225,085	\$ 192,507	\$ 32,578	\$ 26,180	\$ 6,398

APPENDIX

Agency Results (unconsolidated)

Agency	Department	Contact Information		Budget	Actual
Civil Legal Services 1995/96	Justice	C. Lynn Romeo	Revenue	7,661	8,057
		Director	Expenses	(7,416)	(7,638)
		730 - 405 Broadway	Annual surplus (deficit)*	245	419
		Winnipeg, MB R3C 3L6	Revenue Sharing	250	250
		(204) 945-2845	Accumulated Surplus	876	956
		(204) 948-2244 (fax)			
		Lynn.Romeo@gov.mb.ca			
		www.gov.mb.ca/justice/			
		French Language Services:			
		Denis Guénette			
Companies Office 1996/97	Family Services and Consumer Affairs	Myron Pawlowsky	Revenue	7,210	8,168
		Chief Operating Officer	Expenses	(5,587)	(4,461)
		1010 - 405 Broadway	Annual surplus (deficit)*	1,623	3,707
		Winnipeg, MB R3C 3L6	Revenue Sharing	2,500	2,500
		(204) 945-4206	Accumulated Surplus	3,373	6,433
		(204) 945-1459 (fax)			
		Myron.Pawlowsky@gov.mb.ca			
		www.companiesoffice.gov.mb.ca			
		French Language Services:			
		Isabelle Aubin			
Crown Lands and Property Agency 2006/07	Infrastructure and Transportation	Grace DeLong	Revenue	5,639	4,648
		Chief Operating Officer	Expenses	(5,544)	(4,611)
		308 - 25 Tupper Street North	Annual surplus (deficit)*	95	37
		Portage la Prairie, MB R1N 3K1	Revenue Sharing	-	-
		(204) 239-3561	(Accumulated Deficit)	(4,091)	(3,924)
		(204) 239-3560 (Fax)			
		grace.delong@gov.mb.ca			
		www.clp.gov.mb.ca			
		French Language Services:			
		Normand Le Neal			
Food Development Centre 1996/97	Agriculture, Food and Rural Initiatives	Lynda Lowry	Revenue	3,911	3,887
		Chief Operating Officer/	Expenses	(4,976)	(4,574)
		General Manager	Annual surplus (deficit)*	(1,065)	(687)
		Box 1240 - 810 Phillips Street	Revenue Sharing	-	-
		Portage la Prairie, MB R1N 3J9	Accumulated Surplus	12,446	13,107
		(204) 239-3624			
		(204) 239-3180 (fax)			
		Lynda.Lowry@gov.mb.ca			
		www.gov.mb.ca/agriculture/fdc/			
		(en anglais seulement)			

Agency	Department	Contact Information		Budget	Actual
Green Manitoba Eco Solutions 2006/07	Conservation and Water Stewardship	Christina McDonald	Revenue	3,060	2,859
		Chief Operating Officer	Expenses	(3,060)	(2,677)
		1200-155 Carlton St.	Annual surplus (deficit)*	-	182
		Winnipeg, MB R3C 3H8	Revenue Sharing	-	-
		(204) 945-1819	Accumulated Surplus	1,795	1,977
		(204) 943-0031 (fax)			
		Christina.McDonald@gov.mb.ca			
		www.greenmanitoba.ca			
		French Language Services:			
		Jim Fergusson			
		(204) 945-7042			
		Jim.Ferguson@gov.mb.ca			
Industrial Technology Centre 1996/97	Innovation, Energy and Mines	Trevor Cornell	Revenue	3,151	2,936
		Chief Operating Officer	Expenses	(3,151)	(2,851)
		200 - 78 Innovation Drive	Annual surplus (deficit)*	-	85
		Winnipeg, MB R3T 6C2	Revenue Sharing	-	-
		(204) 480-0335	Accumulated Surplus	754	846
		(204) 480-0345 (fax)			
		tcornell@itc.mb.ca			
		www.itc.mb.ca			
		French Language Services:			
		Trevor Cornell (above)			
Manitoba Education, Research and Learning Information Networks (MERLIN) 1995/96	Innovation, Energy, and Mines	Greg Baylis	Revenue	4,378	4,532
		Chief Operating Officer	Expenses	(4,378)	(4,504)
		100 - 135 Innovation Drive	Annual surplus (deficit)*	-	28
		Winnipeg, MB R3T 6A8	Revenue Sharing	-	-
		(204) 474-7800	Accumulated Surplus	154	184
		(204) 474-7830 (fax)			
		gbaylis@merlin.mb.ca			
		www.merlin.mb.ca			
		French Language Services:			
		Colette Lafond			
		(204) 977-6805			
		clafond@merlin.mb.ca			
Manitoba Financial Services Agency 2012/13 (see note 1.a on page 17)	Finance	Don Murray	Revenue	13,000	16,191
		Chairman	Expenses	(5,090)	(4,496)
		500 - 400 St. Mary Avenue	Annual surplus (deficit)*	7,910	11,695
		Winnipeg, MB R3C 4K5	Revenue Sharing	8,800	8,800
		(204) 945-2548	Accumulated Surplus	12,244	16,030
		(204) 945-0330 (fax)			
		Don.Murray@gov.mb.ca			
		www.msc.gov.mb.ca			
		French Language Services:			
		Marie-Renee Lachance			
		(204) 945-3560			
		marie-renee.lachance@gov.mb.ca			

Agency	Department	Contact Information		Budget	Actual
Manitoba Text Book Bureau 1996/97	Education	Brenda McKinny	Revenue	7,729	8,032
		Chief Operating Officer	Expenses	(7,727)	(8,046)
		130 - 1st Avenue West	Annual surplus (deficit)*	2	(14)
		P.O. Box 910	Revenue Sharing	-	-
		Souris, MB R0K 2C0	Accumulated Surplus	777	774
		(204) 483-5035			
		(204) 483-5041 (fax)			
		Brenda.McKinny@gov.mb.ca			
		www.mtbb.mb.ca			
		French Language Services:			
		Paulette Tasker			
		(204) 483-5034			
		Paulette.Tasker@gov.mb.ca			
Materials Distribution Agency 1993/94	Infrastructure and Transportation	Dave Bishop	Revenue	24,621	25,035
		Chief Operating Officer	Expenses	(24,612)	(24,849)
		#7 - 1715 St. James Street	Annual surplus (deficit)*	9	186
		Winnipeg, MB R3H 1H3	Revenue Sharing	-	-
		(204) 945-6043	Accumulated Surplus	3,973	4,161
		(204) 945-6370 (fax)			
		Dave.Bishop@gov.mb.ca			
		www.mda.gov.mb.ca			
		French Language Services:			
		Peter Roberts			
		(204) 945-0391			
		Peter.Roberts@gov.mb.ca			
Office of the Fire Commissioner 1996/97	Labour and Immigration	Dave Schafer	Revenue	16,038	16,696
		Fire Commissioner	Expenses	(15,058)	(13,643)
		508-401 York Avenue	Annual surplus (deficit)*	980	3,053
		Winnipeg, Manitoba R3C 0P8	Revenue Sharing	750	750
		(204) 945-0453	Accumulated Surplus	14,851	17,402
		(204) 948-2089 (fax)			
		Dave.Schafer@gov.mb.ca			
		www.firecomm.gov.mb.ca			
		French Language Services:			
		Karmel Chartrand			
		(204) 945-5711			
		Karmel.Chartrand@gov.mb.ca			
Organization and Staff Development 1994/95	Civil Service Commission	Anna Schmidt	Revenue	1,550	1,524
		Director	Expenses	(1,550)	(1,945)
		935 - 155 Carlton Street	Annual surplus (deficit)*	-	(421)
		Winnipeg, MB R3C 3H8	Revenue Sharing	-	-
		(204) 945-4865	Accumulated Surplus	421	-
		(204) 948-2165 (fax)			
		Anna.Schmidt@gov.mb.ca			
		www.gov.mb.ca/csc/osd			
		French Language Services:			
		Jackie Desrochers			
		(204) 945-2358			
		Jackie.Desrochers@gov.mb.ca			

Agency	Department	Contact Information		Budget	Actual
Pineland Forest Nursery 1995/96	Conservation and Water Sewardship	Trevor Stanley	Revenue	2,456	2,511
		General Manager	Expenses	(3,020)	(3,110)
		Box 45	Annual surplus (deficit)*	(564)	(599)
		Hadashville, MB R0E 0X0	Revenue Sharing	-	-
		204 426-5235 ext 2	(Accumulated Deficit)	(1,535)	(1,570)
		(204) 426-2106 (fax)			
		Trevor.Stanley@gov.mb.ca			
		www.pinelandforestnursery.com			
		French Language Services:			
		Stephanie Holfeld			
		204 945-2203			
		stephanie.holfeld@gov.mb.ca			
The Property Registry 1997/98	Healthy Living, Seniors and Consumer Affairs	Barry C. Effler	Revenue	26,735	27,174
		Registrar General	Expenses	(16,553)	(13,956)
		276 Portage Avenue	Annual surplus (deficit)*	10,182	13,218
		Winnipeg, MB R3C 0B6	Revenue Sharing	11,000	(11,000)
		(204) 945-0446	Accumulated Surplus	5,334	9,901
		(204) 948-3276 (fax)			
		Barry.Effler@gov.mb.ca			
		www.gov.mb.ca/tpr/			
		French Language Services:			
		Guy Bilodeau			
		(204) 945-6241			
		Guy.Bilodeau@gov.mb.ca			
		Lee Crierie			
		(204) 945-6189			
		Lee.Crierie@gov.mb.ca			
The Public Trustee 1996/97	Justice	Joanna Knowlton	Revenue	6,416	6,941
		Public Trustee	Expenses	(6,366)	(6,330)
		155 Carlton Street Suite 500	Annual surplus (deficit)*	50	611
		Winnipeg, MB R3C 5R9	Revenue Sharing	-	-
		(204) 945-0292	Accumulated Surplus	3,829	4,390
		(204) 948-2997 (fax)			
		Joanna.Knowlton@gov.mb.ca			
		www.gov.mb.ca/publictrustee			
		French Language Services:			
		Rachelle Tessier			
		(204) 945-2722			
		Rachelle.Tessier@gov.mb.ca			

Agency	Department	Contact Information		Budget	Actual
Vehicle and Equipment Management Agency 2009/10 (1992/93)	Infrastructure and Transportation	Al Franchuk	Revenue	92,013	86,465
		Chief Operating Officer	Expenses	(88,974)	(84,049)
		626 Henry Avenue	Annual surplus (deficit)*	3,039	2,416
		Winnipeg, MB R3A 1P7	Revenue Sharing	2,500	2,500
		(204) 945-3680	Accumulated Surplus	28,398	27,370
		(204) 957-1109 (fax)			
		Al.Franchuk@gov.mb.ca			
		www.verna.gov.mb.ca			
		French Language Services:			
		Jean-Michel Serceau			
Vital Statistics Agency 1994/95	Healthy Living, Seniors and Consumer Affairs	Susan Boulter	Revenue	4,025	3,505
		Director	Expenses	(3,614)	(3,572)
		254 Portage Avenue	Annual surplus (deficit)*	411	(67)
		Winnipeg, MB R3C 0B6	Revenue Sharing	380	380
		(204) 945-4168	Accumulated Surplus	1,133	655
		(204) 945-0424 (fax)			
		Susan.Boulter@gov.mb.ca			
		http://vitalstats.gov.mb.ca/			
		French Language Services:			
		Ginette Bjelland			
		(204) 945-3048			
		Ginette.Bjelland@gov.mb.ca			

* The annual surplus (deficit) is prior to the transfer of funds to the Province of Manitoba (core government) for revenue sharing.

Note: Budget amounts may differ from the 2012/13 Estimates of Expenditure as a result of rounding